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SUBJECT: (CORRECTED COPY) CHINA/INDIA: DIFFERENCES ON IRAN,
NEPAL NOTED AT INDIAN EMBASSY READOUT ON FOREIGN SECRETARY
SARAN'S BEIJING VISIT

Classified By: Acting Political Section Chief Robert
Griffiths. Reasons 1.4 (b/d).

CORRECTED COPY: ADDS NOTE TO PARA 5, CORRECTED TEXT IN
PARA 7.

Summary

¶1. (C) India and China maintain different positions on Iran and Nepal, according to Indian Embassy Deputy Chief of Mission Vinay Kwatra. In a readout to Acting Polmincouns on Indian Foreign Secretary Shyam Saran's visit to Beijing and in follow-on discussion, Kwatra noted India's continued opposition to Iranian uranium enrichment and contrasted this with Beijing's preference for indefinite negotiations. China's support for Nepal is bound up with its principle of "nonintervention," but India seeks the revival of Nepal's political parties alongside the monarchy. India will host the next phase of border demarcation talks in New Delhi. India views its civilian nuclear power accord with the United States as a strictly bilateral issue. India, China and Russia are developing a trilateral mechanism for consultations among their foreign ministers. End Summary.

India and China: Strategic Dialogue Partners

¶2. (C) Indian Embassy Deputy Chief of Mission and Head of Economic and Commercial Department Vinay Kwatra briefed Acting Polmincouns January 25 on the visit of Indian Foreign Secretary Shyam Saran to Beijing, January 9-11. In this second annual China-India strategic dialogue meeting, Saran held meetings with MFA Foreign Minister Li Zhaoxing, Executive Vice Foreign Minister Dai Bingguo, Vice Foreign Minister for Asia Wu Dawei and State Councilor Tang Jiaxuan. The two sides discussed the full range of bilateral, regional and global issues facing the two countries. The two sides' first strategic dialogue in New Delhi in January 2005, Kwatra noted, was dominated by planning for Chinese Premier Wen Jiabao's April 2005 visit. This year's talks focused more on substantive issues.

China-India Differences on Iran

¶3. (C) India's and China's positions on Iran are "not

the same," Kwatra stated. India has made clear its position against continued uranium enrichment research by Iran. The Chinese emphasized the importance of constantly seeking a diplomatic solution.

¶4. (C) Kwatra said he previously served as Deputy Director General for Iran and Afghanistan and is familiar with the Iranian situation. India and Iran have several consultative mechanisms, including annual Foreign Minister-level talks. Kwatra said that bilateral National Security Advisor talks were held in the past but he was not sure if they continue. India has explained to Iran the impracticality of Iran's approach but these meetings were essentially an exchange of positions.

Differences on Nepal's Internal Situation

¶5. (C) The situation in Nepal was discussed at great length in the dialogue, according to Kwatra. China emphasized its principle of "noninterference in internal affairs" with respect to the King's monopolization of power. India and Nepal have a special relationship and their border is India's only completely open border, Kwatra noted. Saran reiterated to his Chinese hosts that India strongly supports the restoration of the "three pillars" of Nepali government- the constitutional monarchy, the parliament representing the people and multiparty democracy. The King should allow the revival of independent political parties. (NOTE: The Government of India traditionally expresses this idea as the "twin pillars" of democracy comprised of a constitutional monarchy and multiparty democracy. END NOTE)

Sino-Indian Border Talks Set For Early 2006

¶6. (C) India expects to host the second phase of Sino-Indian border talks in the first quarter of this year. The issue was discussed only briefly during Saran's meeting with Dai Bingguo. For the border talks, India's National Security Advisor Narayanan and China's EVFM Dai meet on a separate track as Special Representatives of their respective Prime Ministers. The first phase of talks, concluded late in 2005, reached consensus on the principles and parameters of the talks. India seeks a "comprehensive packet" solution to border demarcation. The second phase will be tougher than the first, Kwatra stated, because it needs to resolve "nitty-gritty" issues along the border.

U.S.-India Civilian Nuclear Cooperation

¶7. (C) Both sides raised India's civilian nuclear cooperation accord with the United States during the talks, Kwatra said. India's position is that the agreement should be seen in a strictly bilateral context. Furthermore, India's record of controlling exports of WMD and missile-related materials is "second to none." The Chinese did not voice dissatisfaction with the U.S.-India arrangement, according to Kwatra.

Russia-India-China Trilateral Mechanism

¶8. (C) India is developing a trilateral consultation mechanism with Russia and China at the Foreign Minister level, Kwatra said. The initial meeting was held earlier in 2005. The next meeting is planned for July 2006. The focus of the discussions is energy and

economic issues.

UNSC Reform

¶9. (C) Regarding India's interest in UN Security Council reform, the Chinese told Saran they support India's membership, but cannot support the G-4 because of the inclusion of "a certain country."

Overall Direction of Cooperation

¶10. (C) India and China have rapidly expanded contacts and institutional cooperation mechanisms since 2000, Kwatra summarized, expanding from economic issues to agriculture, health, and educational exchanges. The two sides have established dialogues on counterterrorism, energy, trade and hydrocarbon emissions. China has become India's second-largest trade partner, after the United States, with total annual trade volume of USD 18.5 billion, growing at 40% per year. Joint projects have diversified to include tuberculosis research, WTO positions and global issues. The two countries' similar levels of population, economy and development drive their common interests.
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